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INTRODUCTION

Anita Chan

It has been three decades since Vietnam began to liberalize its planned economy and two-and-a-half decades since the policy of *Doi Moi* (renovation) was officially introduced. Today, alongside China, Vietnam is an "economic miracle" — a Communist Party-led state that has successfully transformed its economy and whose export industry is internationally competitive. With an average GDP growth rate of almost 7 per cent over this entire period of transformation, Vietnam is one of the fastest-growing economies in the world. It has become an attractive destination for foreign direct investment (FDI) in good part because Vietnamese labour is considered "cheap", at about half the wage level of China.

Rapid urbanization and industrialization could not take place in Vietnam without a growing industrial labour force, and it is this new "proletariat" under *Doi Moi* that is the subject of this volume. "Proletariat" is used here as a reminder that Vietnam still calls itself a socialist state, and it is within this context that this Introduction is situated. As will be seen, in the view of one of the contributors, Michael Karadjis, for the time being Vietnam's state-sector workers are still in a halfway house.

VIETNAM AND THE ASIAN MARKET-SOCIALISM DEVELOPMENT MODEL

In the early 1990s, shortly after the collapse of the communist one-party regimes of the Soviet Union and Eastern Europe, the question arose as to what would occur in the last two remaining socialist countries that counted — Vietnam and China. By then, both countries were embarking on the road to "market socialism". Where would their political, economic, and social transformation lead them? Would they be able to succeed in their "latecomer" development projects (see Woodside 1999)?

Twenty years on, these two states have jumped the hurdle of late development and have been able to catch up on lost time. Still using five-year plans, but minus the hitherto authoritarian and rigid top-down methods of implementation, they have succeeded in transforming themselves from the status of poor Third World countries into what are today known as newly emerging economies. They have proved to the world that economic development can be achieved under a one-party state, that they are in fact more efficient, better organized, and developing faster than almost all of the "democratic" states. Vietnam and China embody a new model of Asian development, termed the "Beijing Consensus" by some political economists, in place of the "Washington Consensus" (Lee and Mathews 2010, pp. 86–103). Well-planned industrial policies managed by the state, as had been practised in a few earlier developed Asian states — Japan, Korea and Taiwan—have proved to be more effective than neoliberal policies that profess to rely on the globalized free market. Refusing to transform themselves into democratic multi-party states, Vietnam and China have also shown themselves capable of integrating their economies with the global economy.

While making a transition to market-based operations, Vietnam has nonetheless retained a substantial state-managed and owned industrial sector. Michael Karadjis's chapter on state enterprise workers explores their circumstances. Though this sector shrank in the earlier *Doi Moi* period, as of 1996 state-owned enterprises (SOEs) still accounted for half of the industrial output, though their share declined to 34 per cent by 2004 (Beresford 2008, p. 228), since when the percentage has stabilized.

The party–state has continued to support and reform the state-owned sector, which influences the labour conditions of SOE employees. Using documentation and field research findings at two state enterprises, Karadjis convincingly argues in his chapter that "while Vietnamese workers were

never absolute 'masters', their traditional participation in the workplace has continued to have a role in the state enterprises' decision-making and this has prevented them from becoming commodities in the post-*Doi Moi* period." The survival of socialist ideology in SOEs allows for the continued existence of workplace institutions such as the workers' congress, trade union, youth league, and the war veterans' groups, which have some participatory rights in management. Despite never having been able to fully exercise these rights, these bodies are avenues through which informal pressure can be exerted on management. Most tellingly, state enterprise workers earn more than workers who are employed in the FDI factories in Vietnam, even though the minimum wage set for the state sector is lower than for the FDI sector. When welfare benefits and shorter work hours are taken into consideration, state workers are much better off. As a result, state enterprise profits are lower than domestic non-state enterprises and FDI enterprises. This has aroused criticism from some quarters that state enterprises are inefficient and overstaffed, but from Karadjis's perspective, the evidence is that state workers are less exploited.

A different sector of the Vietnamese workforce is also not embedded in modern globalized capitalist relations. These are the craft industry workers in rural settings. Nguyen Phuong Le's study focuses on the re-division of labour and class formation in a Red River Delta village where there has been a lot of in-migration from other rural villages. Through her year-long study of the village, she observed that some in-migrants have resided in the village as labourers in the woodcarving craft industry for several years, while others are only casual day labourers. They are hired by the local owners of the woodcraft workshops, who are often themselves still part-farmers or who have fields tended by their family members. Since the workshop owners sometimes work alongside their employees while running their business, one could call them a "labourer-capitalist" class.[1] The owners' engagement in manual labour narrows the divide between employers and employees. Thus, the migrants, while hierarchically divided according to their specific allotted tasks, coexist peacefully with their employers. Nguyen argues that while the "patron–client relationship" in such rural settings often masks exploitative labour relations, the rural migrants-turned-industrial craft labourers did not transform themselves into a proletariat and they do not feel they are being exploited at all. Instead, they see their transition from farmhand to industrial labourer as a rung up the ladder of economic mobility.

ADVERSITIES OF EXPORT-ORIENTED INDUSTRIALIZATION

Far more Vietnamese workers, however, are part of a globalized foreign-invested industrial sector that generates most of Vietnam's manufactured exports, much as in China. This export economy unfortunately has entailed growing income disparities, low wages, precarious employment, harsh working and living conditions, and loss of dignity among those who have contributed their labour to generate the rapidly growing GNPs of Vietnam and China. In Vietnam, based on World Bank figures, the Gini coefficient has increased from 0.34 in 1993, to 0.35 in 1998 and 0.38 in 2009 (Bonschab and Klump 2004, p. 10; UNDP 2009).[2] (China's was 0.415 in 2009.)

The thrust of the private and FDI manufacturing economy has posed a danger to the state-owned industrial sector. Above all, like other socialist and post-socialist economies, Vietnam had to restructure and revamp inefficient SOEs. In the process, from 1985 to 1992 the number of SOE workers declined from 1.4 million to 1 million workers (Tran 1994, p. 146). Some of those who were able to keep their jobs live today under the threat of a decline in job security and social benefits and harsher shop floor labour regimes (except for those lucky enough to work in key SOEs like those described in Karadjis's chapter). By the turn of the millennium, to resolve SOE inefficiency, equitization (i.e., privatization) was permitted, followed by a further squeeze on workers in a labour regime geared to greater efficiency and increased productivity.

While the state sector shrank, the non-state sector composed of private and foreign enterprises grew and flourished. This new industrial sector is staffed mainly by domestic migrant workers, particularly in the Ho Chi Minh City region where foreign-invested enterprises are concentrated. These are the manufacturing plants that have been drawing the most media attention both outside and inside Vietnam. For one, they are seen as a driving force for change. They symbolize Vietnam's successful integration with the global economy, as almost all of these enterprises are suppliers for the global production chain. The very fact that some of these factories manufacture for internationally well-known brand-name companies brings Western media attention to the issue of exploited labour. Vietnam, alongside other Asian countries such as China, Indonesia, Cambodia, Bangladesh, and Thailand, are targeted by international labour NGOs as sites of female migrant labour exploitation. As just one example, low wages and physical

abuse of migrant workers in Nike supplier factories were exposed by an NGO, Vietnam Labour Watch, in 1997 (Global Exchange 2007). A flurry of bad publicity ensued for a few years until Nike implemented a system to monitor its suppliers. The NGOs' attacks on the labour practices of international brands and their suppliers in Vietnam never totally subsided. These practices also became the subject of research by scholars such as Angie Tran (2001; 2007), whose latest research on Vietnam's FDI export-sector workers is included in this volume.

FROM PASSIVE WORKERS TO ACTIVE PROTESTERS

While few cases of physical abuse have surfaced since the spate of bad press in the 1990s, beginning in 2006 Vietnamese workers in the FDI sector once again became the focus of attention. But instead of being victims of management abuse, as they have been portrayed by sympathetic advocates and sections of the mass media, Vietnamese migrant workers have taken centre-stage as self-motivated actors taking collective strike actions to demand higher wages and better work conditions. The Vietnamese government has kept a record of the number of strikes and has allowed the media to report the strike statistics, which show a steady increase in strikes starting in the 1990s. By 2008, the number had climbed to 762. When the world recession hit, the number dropped to 216 strikes in 2009, nearly a 70 per cent drop,[3] but in 2010, when the economy picked up again, the number of strikes climbed again. At the time of writing, strikes up to June 2010 stood at more than 200 (Investment in Vietnam 2010). They are concentrated disproportionately in the foreign-managed export factories. According to Ben Kerkvliet's chapter, while workers at foreign-invested factories in the industrial zones and export processing zones make up less than 8 per cent of the 20.4 million Vietnamese industrial workforce, 70 per cent of the strikes between 1995 and mid-2007 took place in these sites. Almost 60 per cent of these strikes were in Taiwanese and Korean owned or managed factories — a hugely disproportionate figure.

Several chapters in this volume — those by Wehrle, Kerkvliet, Chan, Chae, and Kim — focus partially or fully on this phenomenon of strikes. It will be seen that many of the strikes involve migrant workers, and that a majority of the strike actions have taken place in the export-oriented Asian-

invested FDI factories in southern Vietnam. These chapters provide some answers to the following questions: What factors underlie the strike waves in Vietnam? Are Vietnamese workers experiencing harsher work conditions on the shop floor, which instigates resistance? Are strikes principally due to wages not keeping up with inflation? Are the strikes premised on a belief that sectors of the Vietnamese state will support the striking workers? Are Vietnamese workers ideologically anti-foreign capital?

LEGACY OF THE PAST

The first chapter, by Edmund Wehrle, focuses on the labour movement in Vietnam from 1947 to 1975, and addresses the nature of the strikes from a historical perspective. Vietnamese workers had a militant labour history up till 1975. According to Wehrle's extensive research, there were thousands of strikes, especially in the south (not dissimilar to today), including wildcat strikes, sympathy strikes, and even a few general strikes. More than that, there were independent trade unions, and often the strikes were led by the unions. Wehrle documents the several decades of struggles of the biggest union in the south, the Vietnamese Confederation of Workers and its predecessor, the Vietnamese Confederation of Christian Workers. In the 1960s a new generation of workers emerged who waged strikes against American employers. At one time the union movement was so strong that it could even be considered as a "third force". In short, up to the mid-1970s there was a militant history of organized labour in the south that is still in living memory. The legacy of this militancy has not been entirely snuffed out by a Communist Party-controlled official union that is bureaucratized to the point of impotence.

TO STRIKE OR NOT TO STRIKE

Angie Tran's chapter on corporate social responsibility (CSR) in Vietnam focuses on the FDI enterprises via the global production chain. The fundamental reason why some of the workers in these factories resort to strikes to better their conditions is because the international brand name clients, while recognizing they are responsible for overseeing that the workers who make their goods are not being exploited, have not done enough *vis-à-vis* wages and work conditions. They drew up "corporate codes of conduct" and then sought compliance from their Asian-owned

supplier factories, but the fact that Vietnamese workers in these supplier factories go on strike is evidence that the initiative has failed to achieve its goals.

Apart from the brand name companies, Tran describes in some detail the perspectives of the other stakeholders who are involved in the CSR initiative in a variety of capacities. The International Labour Organization (ILO) has been actively helping the Vietnamese government to set up a tripartite structure to form a platform for dialogue between the state, employers, and labour. These efforts have yet been able to claim much success, as the employers' association is still weak and so is the Vietnamese trade union at the workplace level. These weaknesses prevent meaningful negotiations that might pre-empt workers from taking industrial action. However, Tran is not optimistic that CSR will lead to meaningful changes, because without significant workers' participation there can be no real collective bargaining, and without a means to settle their grievances, workers will continue to resort to industrial action.

My own chapter examines strikes in Taiwanese-owned factories in Vietnam, and similarly does not foresee that strikes will subside unless the FDI investors introduce meaningful changes. Instead of comparing strikes in the FDI sector with the other ownership sectors, this chapter compares strikes in Taiwanese-owned factories in both Vietnam and China. In part, the chapter argues that Vietnam's Labour Code, while legalizing collective action and laying out in detail the procedures, makes the procedures so difficult to implement effectively that the Code impedes workers from complying. The result is that they engage instead in wildcat strikes. Ironically, the Vietnamese government's attempt to establish procedures for orderly legal strikes has unintentionally encouraged illegal wildcat strikes.

Low wages and long work hours are generally seen as two of the main reasons for strikes. The authors of two chapters, Suhong Chae and Jee Young Kim, question this general perception. In addition, Kim questions whether foreign ownership is a factor positively correlated to strike actions. Chae offers a detailed case study of a Korean-managed FDI factory which he visited frequently for more than a decade, and Kim uses a survey of 101 workers from 52 FDI factories. Both authors uncover mechanisms at these workplaces that prevent simmering conflicts from escalating into collective resistance such as strikes. The reasons, they argue, are complex and can be found on the shop floor.

The factory that Suhong Chae studied was a Korean-managed joint venture established with a Vietnamese SOE. Many of the workers were initially inherited from the Vietnamese parent company. A year after it began operations in 1993, workers went on strike because the new management did not pay the normal bonus of a thirteenth month salary just before the Vietnamese New Year, *Tet*. Striking over a *Tet* bonus is one of the main reasons for strikes in Vietnam. But in my view, there was a more fundamental reason at this Korean-owned factory than not getting the bonus. Borrowing Karadjis's words, the workers felt their "master" status was being violated. One can call it a clash of national cultures, but it was really a clash of socialist versus capitalist values at a time when workers still believed they had a right to a share of the profits, and not just a wage as compensation for their labour. Management partially conceded and a union was allowed to be elected.

But the Korean management subsequently was able to use what Chae calls Vietnamese "middlemen" — i.e., staff at middle management rank (including the trade union officials who had initially replaced the elected ones soon forced out by management), interpreters, and higher level office staff — to serve a mediating role between management and workers. This helped to diffuse serious discontent in the workforce for more than a decade. Industrial peace led Chae to note that "the central concern of this chapter is to understand why the workers at SIL did not show any signs of conspicuous resistance in the face of deteriorating work conditions". Both management hegemony and industrial peace were attained through a complex mix of three realms of politics: management and workers; the use of middlemen; and, lastly, gender politics. To Chae, understanding "class passivity" is just as important as studying workers' struggles.

In the same vein, Jee Young Kim found in her survey that two factors are salient in causing workers to strike or not: the presence or absence of grievance procedures and management's responsiveness to such grievances. When comparing state-owned firms, Vietnamese private firms, FDI firms, and shadow-foreign firms (i.e., FDI firms registered as domestic firms), what stands out is whether the union can represent workers' grievances to management and thus assuage workers' dissatisfaction. Other factors such as the presence or absence of a union, whether there are entertainment programmes, whether wages are low or work hours are long, are not as relevant. In addition, Kim finds that management's responsiveness to workers' complaints is critical. Of the four ownership types in the survey,

SOE management followed by domestic enterprises are perceived by workers to be the most responsive. Kim concludes the internal "buffering mechanism can lower the chance of workers' discontent developing into collective resistance."

Using two very different approaches to collect information but asking quite similar questions, Chae and Kim arrived at the same conclusion — that a mediating institution at the workplace can let off steam and allay workers' strike intentions. The authors are sceptical that low wages, long work hours, and poor work conditions *per se* are adequate causes for strike actions. At first glance, it appears that their findings contradict the conclusions of other chapters that wages and work hours are important factors in instigating strikes. Yet the approaches used by Kim and Chae do not contradict but complement the other authors' findings. Kim's survey contains statistics showing that strikes are uncommon in SOEs because these have unions that act as mediators (see Karadjis's chapter) and that in domestic enterprises a patron–client culture has a mediating effect (as in Nguyen's study of a rural craft industry). One can in fact argue that given the high incidence of strikes in FDI enterprises, the mediating efforts of state enterprise unions and the patron–client relationships in domestic enterprises have been extremely effective in diffusing strike intentions. Indeed, it is a conscious policy of the Vietnamese government to allow the official union enough space to act as a mediator at the workplace, but not enough power to act independently from the state to represent workers' interests.

Finally, Hong-zen Wang and Daniéle Bèlanger's chapter on how Vietnamese migrant workers in Taiwan are allowed to be exploited in a foreign land provides supporting evidence about the ambivalent attitude of the Vietnamese government. The central government must be aware of the vulnerability of these Vietnamese workers abroad in conditions that are tantamount to indentured labour. The Taiwanese laws regulating imported labour are designed to keep wages low and work hours long. The Vietnamese workers have no recourse to escape mistreatment except to flee from their bosses. But the moment they leave their employers, to whom they are legally bonded, they are branded as "illegal" persons to be repatriated, penniless and in debt. Wang and Belanger suggest it is possible for the Vietnamese government to intervene in this situation, but it is obvious that the export labour industry is too lucrative to prohibit. The programme provides employment, and workers remit money to their

families in Vietnam. Weighing the economic gains versus labour rights, the former override the latter. Taiwan's strategy to enable its remaining manufacturing facilities to compete in the global market is to import labour at the cheapest rate possible. Hence, no solution seems to be in sight unless the Vietnamese government intervenes, as it has shown itself more willing to do in FDI firms within Vietnam.

PROGNOSIS

A conclusion that we can draw from the studies in this book is that Vietnam's labour policies are mired in contradictions. While allowing the Vietnamese General Confederation of Labour (VGCL) some space to help workers, the state does not entirely loosen its corporatist constraints. Nor does it increase the legal minimum wage enough for it to keep abreast of inflation, a policy which would have decreased the number of strikes. Caught in a global economy that relentlessly drives down wages, the Vietnamese government does not want to raise the minimum wage for fear that its labour might be priced out of the international labour market.

But labour peace is also a precondition for attracting FDI. In the face of the large number of strikes, the VGCL and local governments have played a mediating role. The strikes are orderly, and once management and the outside union officials/local government officials come to an agreement approved by the strikers, workers are willing to resume work immediately. While strikes are often portrayed as disruptive and confrontational, in Vietnam all of the stakeholders have learned how to play the game and accept it as "normal". Investors always warn that strikes will drive away FDI, but FDI in Vietnam has been increasing in recent years despite the strikes. FDI in billions of dong has climbed from 41,342 in 2004 to 51,102 in 2005, to 65,604 in 2006, 129,399 in 2007, and 192,360 in 2008 (General Office of Statistics of Vietnam website).

The government realizes that more has to be done for the workers. For the time being, though, the reforms have been incremental. The government is more inclined to let the Ministry of Labour, Invalids, and Social Affairs (MOLISA) work closely with the ILO and foreign companies, foreign unions, and the VGCL to conduct CSR training programmes, as discussed in Tran's chapter. But as she concludes, this is not a long-term solution to the problems. Workplace collective bargaining and trade union democracy are more viable alternatives.

Notes

1 This is my expression, not Nguyen Phuong Le's.

2 The Gini coefficient figures vary. For instance, based on Euromonitor International, it was 0.345 in 1990 and rose to 0.432 in 2006 <http://www.euromonitor.com/Vietnams_income_distribution> (accessed 1 July 2010).

3 "Vietnam Workers Strike over Salary Increase", Deutsche Presse-Agentur, 22 January 2010. <http://www.Monstersandcritics.com/news/business/news/article_1527543.php/> (accessed 23 January 2010).

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